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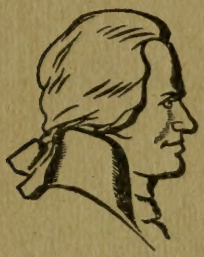
[Modern business Talks]

# MAKING ADVERTISING PAY

An advertising campaign, to be successful, must be planned with care, discretion and a knowledge of the market.



MODERN BUSINESS
TALK No. 25
(WITH VOLUME 13)

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ALEXANDER HAMILTON INSTITUTE
NEW YORK

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# Making Advertising Pay

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This Talk, to be read in connection with Volume 13, forms part of READING ASSIGNMENT 25

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NEW YORK

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## READING ASSIGNMENT

The current Reading Assignment consists of three parts: (1) this Talk, (2) Chapters I to X of the MODERN BUSINESS Text on "Advertising Campaigns," and (3) Lecture 13.

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Every business man is necessarily interested in advertising. The more he knows about the subject, the easier it is for him to apply the principles of this science to the development of his business. Back of it lies ability to understand the people and anticipate their wants. This knowledge is essential if one would make advertising pay.

# Making Advertising Pay

> Advertising is powerful, but the power of advertising must be used as the suggestion of a friend, not as the command of a superior officer.—Page 9, Chapter I, Volume 20, of the MODERN BUSINESS Text.

That advertising campaigns are good or bad, according to the intelligence with which they are launched was strikingly illustrated in the case of an eastern department store which found itself going backward without any apparent cause. The advertising cost in its relation to profits was mounting until the directors became alarmed.

Someone suggested that the advertising policy might be wrong, but it was shown that the company was following precisely the same advertising policy that had made the business successful in the past.

The volume of business was growing, yet profits declined. Advertising cost was steadily increasing, and if advertising was lessened, sales immediately fell off.

The store manager found, on investigation, that most of the trade was transient and that the number of regular customers was decreasing. Going thru the correspondence files, he found astonishing complaints from dissatisfied customers. An analysis of the advertising policy as compared with that of competitors, gave him a clue to the situation.

"I find," he said to the directors, "that in continuing our old advertising policy we have succeeded in completely deceiving ourselves. All our advertising is of the comparative price character and I fear the public is rebelling against our methods. The complaint is not that we are charging too much for our goods but that we are representing values to be greater than they actually are. The people who patronize us are willing to pay our prices, but they resent our statements that they are getting more than their money's worth. And our advertising policy is naturally interpreted as our house policy.

"Personally, I believe in comparative prices," the manager continued, "nevertheless I recommend a complete reversal in our policy and the abolition of that system. Our location and the character of our trade are against the comparative price method. I reach this conclusion thru reading letters from our customers. We are not trying to cheat our customers yet many of them think we are. They say so in their letters, and point to our advertising to prove it.

"For example, we advertise a dress for $30 because it has seasonal value. Several weeks from now, when the season is partly gone, we reduce the price to $25, and advertise the dress as our regular $30 value 'and worth the money.' As a matter of fact, it is not our regular $30 value, for we now have in stock a new $30 model, which is our regular $30 value. Still later we reduce the price of the first

dress to $20 and advertise it our 'regular $30 value and worth the money.' The woman who saw it a week ago at $25, but who did not see it at $30, will insist that the price is misleading, because she could have bought it a week ago for $25. We are suffering from the accumulated effect of such instances now, and that explains why we don't hold our trade. Therefore, to get more trade we constantly have to increase our advertising cost."

To the objection on the part of a director that successful competitors use comparative prices, the manager replied by pointing out that to say "formerly $30, now $25" is quite a different thing from saying "our regular $30 value for $20."

The manager convinced the directors and was given a free hand. His first move was to explain the new policy to his advertising department. He "sold" the idea to the advertising director as well as to the copy writers. He was anxious that they should be enthusiastic about the new plan. That they should understand and believe in it. Then a drive was made thru the medium of the daily newspapers, which were used for quick, successive strokes. He preserved the same typographical characteristics in his advertising, tho the copy was given a new slant.

"This dress is our leader for this sale. It sells for $25, and is excellent value. Compare it with anything like it sold during the past few weeks. It is not a $35 dress selling for $25, for we have a $35

dress in stock worth just $10 more, but it is an exceptional value for the price."

Under another heading the following paragraph appeared:

"Our 35-cent hosiery is good value. A better grade for 50 cents. These are not odds and ends, but our regular stock, the kind we have sold for years, and guaranteed to be the equal of any similar-priced hosiery."

### Cutting Advertising Cost

The new advertising avoided extravagant claims. Its statements were convincing and impressed the reader with the store's sincerity. It talked to the reader in a chatty and interesting manner, tho never in a patronizing way. Copy writers were urged, whenever possible, to make two words do the work of three, so as to make it possible to feature a greater variety of goods in a given space.

Other improvements were made. Thus "flashers" on the electric signs and better locations were found for the outdoor publicity. In all the advertising, painted signs, billboards, newspapers and direct mail, the store was referred to as "the store of merit."

The cost of direct mail advertising was reduced. Nearly every piece of mail carried inclosures up to the limit of the postage on the envelope. When a customer received a bill, it was accompanied by a folder about the store and the stock carried. Every receipt for money contained a word of appreciation.

Soon the volume of business began to increase.

The amount spent for advertising was not decreased, but the volume of business increased right along. Within two years from the adoption of the new advertising policy it amounted to more than $2,500,000.

## A Crucial Test

Then, strange enough, came a suggestion of a reversal to the old plan. "Why," said the directors, "should we not have quarterly sales each year and feature comparative prices, thereby greatly increasing the volume of business, cleaning out the old stocks, and stimulating the sale of the seasonal goods on hand?" Bargains under the new policy, the directors argued, would be a novelty.

The manager protested. "The ethical standard we have set by our new advertising policy will be destroyed if we return to the old," he urged. "We have been successful of late because we have raised the standard of our advertising to the plane of our goods. Let us not throw overboard the advertising ethics that have increased our profits."

But he was overruled.

The subsequent trial however quickly proved the soundness of the recent policy, for the week's drive did not pay the cost of the campaign. What was worse, it took some time to restore the prestige the store had lost by cheapening its goods. The campaign demonstrated that while it might be possible for some advertisers to deceive themselves, it is not possible to deceive the public, when it is educated to

demand a higher standard. The principles upon which the manager analyzed the problem of the department store, increased profits and decreased advertising costs, are discussed at length in the first four chapters of our assignment.

### Crowded Out

Some advertising campaigns fail, because the men who launch them make the mistake of entering a crowded market, when it would be easier to go into a new field and enjoy a monopoly. When Henry Casselman, a local baker in a mid-west city, sought to work his field more intensively, he was driven to the verge of bankruptcy by a big rival, because he did not understand this particular advertising principle. While he advertised bread, his big competitor advertised a certain brand of bread—a name around which there were the traditions of a house and back of which there was a policy of excellence. When the big company offered to buy Casselman's entire bread product, he was glad enough to make terms. Under the contract, Casselman's bread was to be sold under the rival company's brand. He was not known. His former campaign was forgotten.

But Casselman did not make the mistake of believing that advertising was unprofitable. Since the big company was advertising successfully it was evident that his method had been wrong. When he realized this, he began to make an intensive study of advertising campaigns. He found that successful advertisers generally used necessities as the founda-

tion on which to build their business. Each one had some specialty not sold by others. Demand was created and maintained by well-balanced and timely advertising campaigns.

He now approached his problems like a good business man and did not engage in self pity nor harbor a spirit of revenge. He started out to recover the lost ground by finding a product for which there would be a general demand. Since he understood baking only, he would confine his efforts to that line. Everybody eats, he argued. Therefore, if he could invent a new food product for which a continuous demand could be created he would have made a right start.

### Finding the Product

But Casselman soon found that he could produce nothing new in the line of food products. Still it might be possible to utilize new combinations of old products. He eventually evolved a product composed of graham, cornmeal and white flour scientifically proportioned and differing entirely from anything else on the market. It was at once a food and a delicacy.

Then came the question of advertising his product. He wrote an advertisement in which he discussed among other things the rich brown color of his new food, thru which "specks of yellow shine like golden rays." He appealed to the sense of sight as well as to that of taste. He featured the extraordinary food value of his product.

Presently, however, Casselman realized that he was mistaking his enthusiasm for judgment. Evidently there was something wrong with his advertising copy. He felt that his copy had the proper ideas but that they were not expressed properly. Then he began to study the advertising of other baking concerns. Here he found that the copy writer usually made it possible for readers to get the information at a glance. Casselman realized that his advertisement was too long. He was making it difficult for consumers to understand that he had a food product they wanted. Yet try as he would, Casselman seemed unable to reduce his advertising copy to fewer words.

## Business-Building Copy

Casselman diligently searched his copy for concise expressions that he could use. He found that in numerous cases he had written exactly the phrases he needed tho he had buried them under a mass of verbiage. He took from his copy the sentences that best expressed the idea he had in mind. These he revised and improved.

The result was that some of the phrases he coined became by-words. Illustrations featuring the new product were placed on each side and the top and bottom of an attractive carton, so that no matter in what position it might be placed on a dealer's shelf, the illustration, as well as the name could be seen.

A try-out of the new advertising was made in a number of near-by cities, the stores first being

stocked. Ascertaining that there was a market for a new cereal, Casselman next proceeded to get distribution in his home city and in the adjoining territory. Local newspapers told the story of the new industry that had been established almost overnight, and the dealers, quick to take advantage of the added publicity, and the appeal to patronize home industry, stocked the new product. Soon Casselman's food novelty was advertised from attractive bill boards, illustrating the package in a way that could not easily be forgotten, and driving home slogans that would stick in the mind. Newspaper advertising carried the outdoor message into the homes. The campaign was thoroly effective.

Casselman now had a new commodity, free from competition. He had a trade-marked brand. He had entered the same old field with something "different" to sell. He had profited by the failure of his first advertising campaign. In the second he combined originality with necessity. He featured these points. He was indefinite as to just what his product contained, but very definite as to its value. Competition came, it is true, but not until he had obtained a fair start, and his product was being sold by thousands of dealers.

Mr. Casselman would never claim to be an advertising expert, but he was a sensible business man, who understood the fundamental principles of advertising campaigns, and worked out their application to his own problems. By means of these principles he built up his business, after having been

thru the fire of failure, from a small local baking concern into a large company supplying the demand in several states.

### A Publisher's Advertising Campaign

A striking example of the successful use of suitable copy and mediums is afforded by the experience related some time ago by the publisher of an encyclopedia. A special price had been put upon a new edition, and a date fixed for the expiration of the special offer. By means of large space in the daily papers and four-page colored inserts in magazines and trade journal ads, the public was being appealed to with all the skill of the expert copy-writer.

The first few months, however, despite the extensive advertising campaign, brought very few orders, relatively speaking. Tho the special offer expired on May 31st, the middle of that month was reached with only 20,000 orders on hand—a disappointing amount under the circumstances. Then, according to an article in *Printers' Ink*,

> The advertiser turned on more "power." Warning copies were sent to the dailies of all the larger cities of the United States. Daily reports were printed of the number of orders received. The copy took on, more and more, those specific new features that are known to be good action producers. May 31st was pressed into the minds of millions of readers as the last day of opportunity. They must have dreamed about it—and then delayed a little while longer. For the real action did not begin until after May 20th. On May 18th, 23,000 applications had been registered. On May 24th these had jumped to 26,154, and were so reported in the advertising. "Only seven days left," a 60-point John Hancock caption flared.

There was an upheaval in the United States mail and two days sufficed to show 27,515 orders. One or two more pressing invitations to act, and on May 30th 29,790 were enrolled on the order books.

On the morning of May 31st the last ad was published. In addition to the forceful reminder carried, it included a facsimile Western Union Telegraph form, so prepared that it needed little more than the sender's signature to complete the order for the books. Orders not mailed or telegraphed before the stroke of midnight would not be booked.

That was a day of remarkable activity in the offices of the publishers. Letters arrived by the sackful and telegrams in large bundles. Order clerks worked their hardest to keep the office from being snowed under. Among the last orders received was one from a corporation head calling for fourteen sets—two for himself and twelve for his executive officers.

Not until two days later, we are told,

were the checkers able to make a close approximation of the total booking. Orders ran to over 32,000 sets—an increase of nearly 3,000 in a single day. Advertising did it. Thirty thousand lines were used in the newspapers. Over $25,000 was spent in the last thirty days.

The foregoing instance suggests the power of well-prepared and well-placed advertising. Needless to say, it requires both courage and knowledge—not to mention capital—to plan and engineer such a campaign. But this is by no means an isolated example. Advertising successes of equal magnitude are not rare, even tho they cannot be said to be common. This much may be said with confidence, however: Without intimate knowledge of mediums and copy,

such success is not attainable. And it is equally certain that not every advertiser possesses such knowledge.

### Reviving an Exhausted Market

Sometimes an apparently exhausted market offers an excellent opportunity to an enterprising business man who understands the principles of advertising. The condition that brings about stagnation may be the symptom that indicates the desire on the part of the purchasing public for a change. This was the experience of Robert Haddon, the manager of a new gasoline gas engine concern organized with the idea of supplying cheap power to farmers.

When the advertising of the new company failed to bring results, Haddon started an investigation. He learned that it was impossible to sell more farm engines to the farmers, and that many of them were disgusted with those they had purchased. In a number of cases the companies that made the sales were now developing other fields. Haddon concluded that his line of least resistance was to remain in the farm engine business. It would be necessary, he was convinced, to coordinate his advertising with service and to do this he sent out a questionaire to farmers and dealers. The replies, while not numerous, exhibited an astonishing state of affairs.

The engines the farmers were using, like those he was manufacturing, were of the stationary type. It was necessary to bring the work to them, often at excessive cost. Why not build a portable power unit?

With that thought in mind, Haddon planned an original advertising campaign in farm papers and mail order publications. It was prepared to prove to the farmer that he could save money by buying one of the lighter engines. The value of a 4, 8 or 12-horsepower gasoline engine that could be moved from one place to another by a couple of men or a single horse, was explained and illustrated. It was perhaps the picture fully as much as the reading matter, that carried conviction. The former advertising campaigns had driven home the thought that the engines were built heavy in order to withstand a great strain. They would last a long time. It was necessary now to prove to the farmer that the excess weight was a burden and not an advantage. The saving effected by the heavy engine on the one hand was swallowed up by the cost of taking the work to it on the other. The many purposes to which the new design could be put were pointed out. The amount of time the farmer could save during the growing and harvesting season was totaled. This was offset against the cost of labor in order to demonstrate to his satisfaction that the portable engine would pay for itself the first season and earn a dividend besides.

### The Personal Appeal

"I do the work of three men with this portable gasoline engine," Farmer Smith explains to Farmer Jones in the advertising. The illustration pictures Farmer Smith in the act of pointing to the engine,

and reflects the interest which the statement awakens in Farmer Jones.

The advertising was given a farm setting and typified the wants of the farmer. There was a rural atmosphere about the copy. Dealers who handled the new engine were enthusiastic, because the manufacturing company referred to them all correspondence received from prospects, at the same time continuing to flood the farmers with direct mail advertising. Every objection had been anticipated and for each objection, half a dozen advantages were shown. These talking points were real selling points and meant more dollars to the farmer.

The exhausted market was revived by this advertising campaign. The demand for the portable engine soon taxed the capacity of the factory, which had to be enlarged to meet the new conditions.

Haddon selected his advertising mediums with great care. This, as the author points out in his discussion of the various mediums and the classes of consumers which they reach, is a factor of great importance in the success of any advertising campaign. This discussion, together with the explanation of the groundwork upon which successful advertising campaigns have been built, should enable the reader to analyze his own advertising problems and plan effectively his message to the public.

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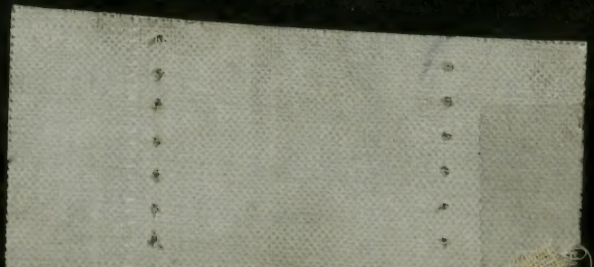

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